

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS

AUG 14 2000

DAVID J. MALAND, CLERK
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the East Texas Medical Center entities are incorporated in Texas or whether other Third-Party Defendants are insurance companies or governmental entities doing business in the State of Texas or whom their agents for service might be.

II.

The East Texas Medical Center entities' characterizations or restatement of Plaintiff's petition against the Defendants/Third-Party Plaintiffs require no response. The respective pleadings of the East Texas Medical Center entities and the Defendants/Third-Party Plaintiffs speak for themselves.

III.

First Health denies that it has made payments for medical care provided to the patients of the East Texas Medical Center entities or that it has received refunds due to credit balances. First Health denies that it has a contract with the East Texas Medical Center entities which concerns the reimbursement of medical payments, refunds for medical-expense recoveries by insureds or health plan participants from third parties, or discounts for the provision of medical services as alleged by Plaintiffs. First Health denies that it has requested, required, demanded and/or accepted refund payments from the East Texas Medical Center entities. First Health is without sufficient information to respond to the remaining allegations of Paragraph III of the Third-Party Petition and, therefore, those allegations are denied.

IV.

First Health denies that it is liable for any judgment or damages obtained by the Plaintiff/putative class against the Defendants/Third-Party Plaintiffs under the theories of indemnification or indemnity (or any theory of liability) for allegedly processing erroneous refunds.

The East Texas Medical Center entities' characterizations of their responsive pleadings or of Plaintiff's allegations require no response.

V.

First Health denies that it has a contract or agreement with the East Texas Medical Center entities which concerns the terms or conditions of refunds due to First Health for credit balances. The remaining allegations of Paragraph V of Plaintiff's Third-Party Petition are legal conclusions and require no response.

VI.

First Health denies that the Defendants/Third-Party Plaintiffs are entitled to the relief requested in Paragraph VI.

VII.

To the extent that any allegation contained in Defendants/Third-Party Plaintiffs' Petition required a response which First Health has not admitted, denied, or otherwise responded to, any such allegation is hereby denied.

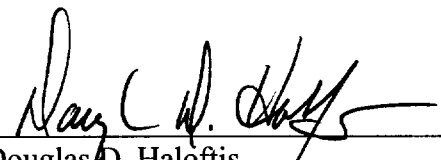
VIII.

Accordingly, First Health requests that:

- Defendants/Third-Party Plaintiffs take nothing by their action;
- A judgment of dismissal be entered in favor of First Health;
- First Health be awarded its attorneys' fees and costs incurred in defending this action; and,
- First Health be awarded such other just and proper relief.

Respectfully submitted,

GARDERE & WYNNE, L.L.P.

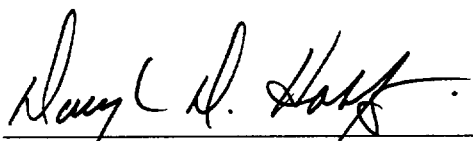
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**ATTORNEYS FOR DEFENDANT
FIRST HEALTH LIFE & HEALTH
INSURANCE COMPANY**

CERTIFICATE OF SERVICE

On the 10TH day of August 2000, a true and correct copy of the Original Answer of Third-Party Defendant First Health Life & Health Insurance Company was served by certified mail, return receipt requested upon the following:

Michael E. Jones
Potter, Minton, Roberts, Davis & Jones, P.C.
P.O. Box 359
Tyler, TX 75710
Telephone: (903) 597-8311
Facsimile: (903) 593-0846


Douglas D. Haloftis